

## Message Text

CONFIDENTIAL

PAGE 01 SAN JO 01981 01 OF 02 052322Z  
ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10  
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11  
AID-05 EB-08 COME-00 TRSE-00 OES-07 DLOS-09 SIL-01  
LAB-04 INT-05 /107 W  
-----030432 060004Z /65

P R 052253Z MAY 78  
FM AMEMBASSY SAN JOSE  
TO SECSTATE WASHDC PRIORITY 1019  
INFO AMEMBASSY SAN SALVADOR  
AMEMBASSY GUATEMALA  
AMEMBASSY TEGUCIGALPA  
AMEMBASSY MANAGUA

C O N F I D E N T I A L SECTION 1 OF 2 SAN JOSE 1981

3.O. 11652: GDS  
TAGS: PGOV, CS  
SUBJ: A FINAL PREVIEW OF THE INCOMING GOVERNMENT'S MOST IMMEDIATE  
PROBLEMS -- AND OURS

1. SUMMARY: TUNA PROMISES TO BE OUR BIGGEST IMMEDIATE BILATERAL  
PROBLEM WITH THE NEW CARAZO GOVERNMENT. ON THE INTERNATIONAL FRONT,  
COSTA RICAN-NICARAGUAN RELATIONS COULD DETERIORATE QUICKLY OVER  
THE QUESTION OF REAL OR POTENTIAL FSLN INCURSIONS FROM COSTA RICA  
AND LOCAL ABILITY OR DESIRE TO CONTROL SUCH ACTIVITIES. INTERNALLY,  
THE NEW GOVERNMENT IS WORRIED ABOUT LEFTIST INROADS IN LABOR AND  
WANTS US HELP. A NUMBER OF ASSISTANCE RELATED ISSUES, BILATERAL  
AND MULTILATERAL, WILL HAVE TO BE ADDRESSED EARLY ON, MORE  
DIFFICULT ONES LATER. THE FOLLOWING SUMMARIZES EMBASSY'S CURRENT  
JUDGMENTS AS TO SUBSTANTIVE ISSUES OF INTEREST TO USG LIKELY TO  
GET CARAZO'S EARLY ATTENTION.

2. TUNA. THE BIGGEST SINGLE POTENTIAL PROBLEM AREA IN BILATERAL  
RELATIONS AT THIS TIME IS TUNA. CARAZO STRONGLY SUPPORTS THE  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 SAN JO 01981 01 OF 02 052322Z

ODUBER GOVERNMENT'S RECENT DENUNCIATION OF THE INTER-AMERICAN  
TROPICAL TUNA CONVENTION (SAN JOSE 1857, SAN JOSE 1872, SAN JOSE  
1873). THE QUICK TRIGGER IN THE DYING DAYS OF THE ODUBER ADMIN-  
ISTRATION, FACIO HAS TOLD US, RESULTED FROM CARAZO'S PUBLIC PRE-  
SSURE. OTHER MQGH CARAZO GOVERNMENT OFFICIALS AND THE PRO-CARAZO  
MEDIA STRONGLY ECHO THE HARD LINE. A STEADY STREAM OF EDITORIALS  
ANDSCOMMENTS IN LA REPUBLICA WHILE THE NEW PRESIDENT OF THE CON-

GRESS, RODRIGO MADRIGAL, STILL RAN IT, WRITTEN BY FUTURE TOP CARAZO ADVISER JULIO RODRIGUEZ, DO NOT AUGUR WELL. IN A PUBLIC STATEMENT ABOUT RENOUNCING IATLD ON 27 APRIL CARAZO IS ON RECORD AS FOLLOWS: "OUR GOVERNMENT WILL DO EVERYTHING LEGALLY AND MATERIALLY NECESSARY TO ELIMINATE ALL POSSIBILITY OF ABUSE OF OUR MARINE RESOURCES, ABUSES THAT HAVE BEEN COMMITTED UNDER THE PROTECTION OF EXISTING TREATIES". IN A PRIVATE MEETING WITH US ON 19 APRIL CARAZO ELABORATED ON THIS VIEW WHEN HE NOTED POINTEDLY THE POTENTIAL ECONOMIC BENEFIT FROM AN AGGRESSIVE GOCR FISHERIES POLICY, BUT RECOGNIZED THAT THIS COULD RAISE BILATERAL ISSUES (SAN JOSE 1779, PARA 7D).

3. THE ULTIMATE CR OBJECTIVES, WE BELIEVE, ARE NOT MUCH DIFFERENT FROM THOSE OF PREVIOUS ADMINISTRATION, AND ARE EXPRESSED IN CR/MEXICAN PROPOSAL FOR A NEW TUNA TREATY PRESENTED IN PLENIPOTENTIARY MEETING IN SAN JOSE IN SEPTEMBER 1977. WE HAVE REASON TO BELIEVE THAT CARAZO MAY HAVE EXERCISED SOME MODERATING INFLUENCE OVER HIS LIEUTENANTS IN HIS PUBLIC STATEMENTS. NEVERTHELESS, IT IS ENTIRELY POSSIBLE THAT CARAZO HIMSELF COULD BECOME A VICTIM OF EVENTS IF MORE TUNA BOATS ARE SEIZED. WE RECOGNIZE THE CRITICAL NATURE AND TIMING OF THIS PROBLEM, AND ALREADY HAVE BEEN COMMUNICATING WITH KEY FIGURES IN THE NEW ADMINISTRATION, URGING RESTRAINT AND THE NEED FOR FRIENDLY, TIMELY CONSULTATIONS.

4. NICARAGUA: THE LARGE LOCAL NICARAGUAN POPULATION, RESIDENT AND FLOATING, IS UNCONTROLLABLE. THE DIFFICULT COMMON BORDER, THE PRESENCE OF FSLN FORCES, AND THE LACK OF ADEQUATE GOCR SECURITY  
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 SAN JO 01981 01 OF 02 052322Z

FORCES TO CONTROL ANY SERIOUS THREAT, LET ALONG FSLN ACTIVITIES, ADD UP TO TROUBLE. ADD TO THIS THE NATURAL ANTI-PATHY THAT COSTA RICANS ACROSS-THE-BOARD FEEL TOWARD SOMOZA, AND THE INGREDIENTS FOR CONTINUING PROBLEMS WITH NICARAGUA ARE OBVIOUS. THE GON, BY HAVING CALLED A SPECIAL OAS SESSION 4 MAY, PROBABLY SEEKS TO SERVE FAIR WARNING TO THE NEW GOVERNMENT ABOUT THIS PROBLEM. THE GON, WE SUSPECT, IS UNEASY WITH THE CARAZO GOVERNMENT, WHICH INCLUDES A NUMBER OF HIGHLY PLACED INDIVIDUALS WHO HAVE PUBLICLY CONDEMNED NICARAGUA IN THE PAST, INCLUDING MINISTER OF INTERIOR ECHEVERRIA BREALEY, UN AMBASSADOR PIZA, AND MINISTER OF ECONOMY ALTMANN. THE GON MAY WELL LOOK UPON THESE THREE AS HIP SHOOTERS, WHO PROBABLY FOSTERED BY O'DUBER WHO CONSIDERED THEM HIS MOST DEDICATED DETRACTORS ON A NUMBER OF ISSUES. WE WILL CONTINUE TO COUNSEL THE NEW GOCR, AS WE DID THE PREVIOUS GOVERNMENT, ABOUT THE NEED TO MAKE ALL VISIBLE EFFORTS TO CONTROL FSLN ACTIVITY WITHIN ITS BORDERS. THIS HAS BEEN DISCUSSED ALREADY WITH CARAZO AND WITH THE INCOMING FOREIGN MINISTER AND HIS VICE MINISTER, AMONG OTHERS.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 SAN JO 01981 02 OF 02 052333Z  
ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10  
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11  
AID-05 EB-08 COME-00 TRSE-00 OES-07 DLOS-09 SIL-01  
LAB-04 INT-05 /107 W  
-----030475 060003Z /65

P R 052253Z MAY 78  
FM AMEMBASSY SAN JOSE  
TO SECSTATE WASHDC PRIORITY 1020  
INFO AMEMBASSY SAN SALVADOR  
AMEMBASSY GUATEMALA  
AMEMBASSY TEGUCIGALPA  
AMEMBASSY MANAGUA

C O N F I D E N T I A L SECTION 2 OF 2 SAN JOSE 1981

5. LABOR PROBLEMS. THE CARAZO GOVERNMENT SEES LABOR AS ITS MOST IMMEDIATE INTERNAL PROBLEM. IT CITES AS REASONS THE RECEIPT COMMUNIST TAKE-OVER OF A PREVIOUSLY DEMOCRATIC-CONTROLLED 5,000 MEMBER RAILROAD FEDERATION IN LIMON, CONTINUING WAGE INCREASE DEMANDS FROM LEFTIST CONTROLLED PUBLIC EMPLOYEES UNIONS, AND THE IMPENDING STRUGGLE BETWEEN DEMOCRATS AND COMMUNISTS TO CONTROL THE AFRICAN PALM WORKERS UNION IN QUEPOS. THE NEW GOVERNMENT ALREADY HAS TOLD US THAT IT WANTS INCREASED ASSISTANCE THROUGH AIFLD TO COMBAT THE MOST RECENT INROADS OF THE LEFT. WE ARE TELLING THE NEW MINISTER OF LABOR THAT OUR AIFLD COMMITMENT REMAINS SOLID, THAT THE SEPARATE AFL-CIO-SUPPORTED ACTIVISTS' PROGRAM IS ON TRACK, AND THAT SUCCESS IN THIS AREA LIES ALMOST EXCLUSIVELY WITH THE NEW GOVERNMENT'S LABOR POLICIES AND THE PROWESS OF THE DEMOCRATIC FORCES.

6. ASSISTANCE. THE NEW ADMINISTRATION WILL TALK FRANKLY ABOUT PAST ASSISTANCE PROBLEMS AND MORE COOPERATION. IT WILL RESIST

REDUCTION IN CONCESSIONAL ASSISTANCE VOLUME, MULTILATERAL AND BILATERAL, AND ANY HARDENING OF LOAN TERMS AS CONTRARY BOTH TO THEIR  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 SAN JO 01981 02 OF 02 052333Z

POCHRTY OBJECTIVES AND COSTA RICA'S DEMONSTRATED PERFORMANCE. THEY WILL TAKE DETERMINED POSITIONS ON POLICY ISSUES CONSIDERED CENTRAL TO COSTA RICAN DEVELOPMENT PHILOSOPHY AND STRATEGY (E.G., THE

QUESTION OF REAL VERSUS SUBSIDIZED INTEREST RATES FOR CREDIT CHanneled TO THE DISADVANTAGES). ALTHOUGH WE ARE VIEWING THE CARAZO GOVERNMENT'S ENTHUSIASM AS AN OPPORTUNITY AND INTEND TO RESPOND IN KIND, EAGERNESS AND UNREASONABLE EXPECTATIONS FOR DEVELOPMENT ASSISTANCE ARE APT TO BE ACCOMPANIED BY IMPATIENCE. AS FOR BILATERAL PROCEDURES, IF AID'S REVIEW PROCESS DURING PROJECT DESIGN AND PROCEDURAL REQUIREMENTS FOR DISBURSEMENT OF ACTIVE LOANS APPEAR TO OBSTRUCT THE FLOW OF ASSISTANCE, OR IF DIFFERENCES OVER UNRELATED ISSUES, READ TUNA, AFFECT THE AID PROGRAM, FRUSTRATION WILL RESULT AND BE HARD TO DEAL WITH.

7. OTHER PROBLEMS WHICH MAY AFFECT USG INTERESTS COULD WELL ARISE DURING CARAZO'S FIRST MONTHS IN OFFICE. A CERTAIN "CHIP ON THE SHOULDER" BEARING ARISING FROM THE DOMESTIC POLITICAL AMBIANCE, SOMEWHAT EVIDENT ON HIS PART, AND EVEN MORE APPARENT AMONG SOME OF HIS CHIEF ASSOCIATES, COULD CONTRIBUTE TO RE-OPENING HAPPENINGS DURING THE ODUBER YEARS. CONCEIVABLY ANY SUCH PUBLIC VENTING OF DIFFERENCES MIGHT TOUCH ON PRIVATE INVESTMENT, VESCO-RELATED OR OTHER MATTERS WITH US PUBLIC OR PRIVATE CONNECTION, REAL OR PERCEIVED.

8. LOOMING AHEAD, AND LARGER IN POTENTIAL CONSEQUENCES THAN ALL THE ABOVE, WILL BE THE ECONOMIC SQUEEZE IN THE POST-COFFEE BONANZA, POST-ODUBER PUBLIC INVESTMENT-ORIENTED FISCAL MANAGEMENT ERA. CARAZO'S ABILITY TO TAKE PROPER AND TIMELY STEPS TO AVOID SOCIAL UNREST AND BALANCE OF PAYMENTS PROBLEMS THAT COULD ENSUE WILL BE CRUCIAL. LIKEWISE, BOTH OUR AID AND TRADE RESPONSES, OR THE LACK THEREOF, COULD BECOME A MAJOR ISSUE IN THIS REGARD.  
WEISSMAN

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FOREIGN RELATIONS, POLITICAL SITUATION  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 05 may 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978SANJO01981  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780193-0133  
**Format:** TEL  
**From:** SAN JOSE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t19780588/aaaacxju.tel  
**Line Count:** 198  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 3f753aa3-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION ARA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 08 jul 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2777056  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** A FINAL PREVIEW OF THE INCOMING GOVERNMENT'S MOST IMMEDIATE PROBLEMS -- AND OURS  
**TAGS:** PGOV, PEPR, CS, US  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odhc://SAS/SAS.dbo.SAS\_Docs/3f753aa3-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014